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FINANCIAL STATEMENTS RELEASE FOR FINANCIAL YEAR 2010

The Annual Report 2010 of GeoSentric Oyj has been published on the Company's web site. The Annual Report is available at www.geosentric.com.

SUMMARY OF KEY FIGURES

Key figures summarizing the Group's financial position and financial results from continuing operations (teuros if not indicated otherwise):

In period	4Q/2010	2010	4Q/2009	2009
Net sales	39	54	0	4
Operating result	-1752	-9536	-3358	-13916
Basic earnings per share (eur)	-0.00	-0.01	-0.00	-0.02
At the end of period				
Total assets		1420		8893
Shareholders´ equity		-15024		-2236
Total liabilities		16444		11129

REVIEW OF OCTOBER – DECEMBER 2010

The Company has also continued implementing its business plan and the required cost reductions to meet the conditions of the additional financing approved by the Annual General Meeting on June 30, 2010. Cost reductions were implemented as headcount reductions in all areas of the business as well as consolidation of engineering resources from higher cost regions of the world into China.

In September 2010 it was announced that Dan Harple had resigned as CEO to be replaced with immediate effect by Winston Guillory. In November it was announced that Dan Harple had resigned as a member of the Board to focus full time on his professional activities with Shamrock Ventures B.V. and that at the same time the management services agreement made between the GeoSentric group and Shamrock Ventures had ended.

TWIG business

The business of the Company's TWIG unit declined further over the year as the TWIG Discovery Pro GSM/GPRS/GPS handset (for the safety and security market) and the TWIG Locator tracking device (for the asset and vehicle tracking market) reached the end of their product lives. The TWIG business has been loss making and cash flow negative for at least the last 18 months and the investment required to improve its performance would be substantial. The Company concluded that this potential investment is not the best use of its resources and that the TWIG business is better off outside of the GeoSentric group in the hands of its specialist management team.

The Company reviewed a number of alternatives to get the best available deal terms. Due to the niche positioning of the TWIG business, interest from external purchasers was limited. The Company therefore negotiated the divestiture of the TWIG business with the current TWIG management team, and, in January 2011, concluded an agreement on the terms and conditions of the purchase. The actual purchaser is a newly established company, Twig Com Oy, majority held by the MBO team ("Twig Com").

The parties agreed that the purchase price is a nominal EUR 1.00. However, as a part of the consideration and an integral part of the transaction, Twig Com assumes all liabilities and obligations with regards to the transferring business, including in relation to its employees and assets. Together with the liabilities that Twig Com assumes, the book value of the transaction for GeoSentric is approximately 0.3M€, being the net book value of transferred assets and liabilities. The following are the main terms of the agreement:

- The purchase transaction is for a nominal consideration of EUR 1.00, is effective as of 31 December 2010 and comprises of all TWIG mobile handset related inventories, fixed assets, manufacturing rights, trademarks, agreements and employees
- The net book value of the TWIG inventory being transferred is approximately EUR 225,000
- All relevant GeoSentric IPR's and third party IPR's are licensed royalty free in perpetuity to Twig Com to enable continued production and support of the TWIG products
- Twig Com has assumed all GeoSentric's liabilities, obligations and other responsibilities related to the TWIG mobile handset business including all product warranty responsibilities
- 14 TWIG employees are transferring their employment from GeoSentric to Twig Com including the MBO leadership team of Jukka Nieminen, Tomi Raita and Jouko Laine
- Twig Com has assumed all TWIG trade payables and receivables as of 31 December 2010 and has taken over the TWIG factory and office lease

The TWIG divestiture will have significant impact on the Company's financial performance in the short term as the TWIG business has been the main revenue generating business of the Company. As a result, although GyPSii revenue is expected to grow significantly in 2011 compared to 2010, overall revenue for 2011 will be significantly lower than in the previous year. However, the cash flow effect of the TWIG disposal is estimated to be approximately €1m positive for the 2011.

In pursuance of the signing of the business purchase agreement Mr. Tomi Raita resigned from the position of the Company's Managing Director, and the Board of

Directors has nominated board member Winston Guillory as GeoSentric's new Managing Director.

OPERATIONAL OVERVIEW

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices, which provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. Its intellectual property is delivered as software and services in products which include the GyPSii product platform ("GyPSii").

The business model for the GyPSii platform services and applications is via embedded licensing of IPR in terms of software technology and branded trademarks, and downstream -revenue generation from services which generate advertising and subscription revenue. Thus during the reporting period 2010 the Group continued its focus on securing partnerships with the major distribution partners to integrate product on to their new devices and services and to broaden the range of GyPSii supported devices. Major marketing and launch plans during 2010 by the distribution partners, and by GyPSii itself, have driven significant volumes of GyPSii users, which have had a positive impact on revenues from GyPSii during 2010.

The total net sales of the Group from continuing operations of the GyPSii services in 2010 were 54 teuros, a significant increase on total net sales from continuing operation in 2009 of 4 teuros. The Group disposed of its TWIG handset business at the end of the financial year as more fully described below so all of these revenues from continuing operations derive from the GyPSii business and represent revenues from advertising delivered to the increasing numbers of GyPSii users and IPR licensing.

Total operating expenses from continuing operations were significantly lower in the reporting year compared to the prior year, going to 9590 teuros, from 13920 teuros in 2009, a 31% decrease. This was mainly driven by the Group consolidating its development, business development and marketing efforts in China while decreasing personnel and related costs in the rest of world. See further details below.

As a result, the total result before taxes from continuing operations was -11387 teuros in 2010, versus -14156 teuros in the prior year, a 20% decrease. Earnings per share from continuing operations for the reporting period were -0.01 euros per share.

The Group realized an overall loss from its discontinued operations (its TWIG business) in 2010 of 1987 teuros (2009: loss of 1622 teuros). This is comprised of an operating loss of 1743 teuros in 2010 (2009: loss of 1622 teuros) plus a net loss on disposal of the assets and liabilities of the TWIG business of 244 teuros.

MATERIAL EVENTS IN THE YEAR 2010

During the year 2010, the Group has continued its efforts to broaden the range of GyPSii supported devices, which is an essential element in Group's business plan. As GyPSii's revenue model is based on income from embedded and upstream licensing of IPR, subscription fees and advertising, broadening the range of supported devices, entering into agreements with major distribution partners and introduction of OEx has created a solid basis for achieving a critical mass of users for GyPSii and also for future revenue generation.

The highlights of the year were:

In February 2010, at Mobile World Congress (MWC) in Barcelona Spain the Company announced the following new applications and partnerships:

Tweetsii – GyPSii announced Tweetsii™, a new Twitter application to connect people with places and networks by growing the Twitter experience and grounding it in the real world with multimedia and geo-location to support a free exchange of content and ideas.

OpenDeveloper – GyPSii announced a plan to open their API to the developer community with OpenDeveloper™, a premier source of next generation technologies to connect people; create, share and search content; and monetize applications with contextual advertising. OpenDeveloper seeks to accelerate innovation in the mobile and social media ecosystem by arming developers with powerful technologies to create sticky apps.

China Telecom - GyPSii was selected to be the branded China Telecom solution "le tu", (Happy Trails in English) powered by GyPSii for the 2010 Shanghai Expo with China Telecom Shanghai Telecom.

Genasys - GyPSii was selected to be the exclusive LBS social media partner in Telefonica's application portfolio in Latin America. This deployment has been delayed pending further contract discussions.

China Ad Partners – GyPSii announced several important on-line and mobile advertising and coupon distribution partners in China.

Working with Shanghai coupon provider Kubang, GyPSii connected users with coupons for nearby restaurants that the user views alongside user-created content on the GyPSii network. If the user searched "food" for example they received a coupon for a nearby restaurant. This not only added value to the user experience but also drove transaction and referrals for the restaurant on GyPSii.

GyPSii also partnered with leading Chinese mobile advertising network MADhouse to help deliver inventory for major global and regional brands. GyPSii has other deals in place with Admob, search engine company Baidu, and CHANet, the leading mobile marketing affiliate network in China.

In addition, GyPSii continued to expand its extensive index of Points of Interest for GyPSii users to search and explore. Content relationships with 5757577 and Gudumani that connected GyPSii users with new restaurants and dining POIs: Avantouch for theatre information: and City8 for travel POI. This additional content enhanced the GyPSii user experience, providing more information and greater choice for members to access and use on their mobile device.

The top industry group for Mobility and the Internet awarded GyPSii as the 2010 Most Innovative Location Based Service at the 7th annual 2010 Wireless Communication Conference in Beijing. The organizers of the conference include the major mobile carriers in China (China Mobile, China Telecom, and China Unicom) and a host of other Internet companies such as Sina, Baidu, QQ/Tencent, Kaixin.

Garmin and GyPSii elected to renew their existing contract into a 3rd year. The extension of the contract allows Garmin to continue to leverage GyPSii's API into Garmin's mobile phone and connected PND product lines.

Shanghai Media Group's(SMG) ChannelYoung and the Company entered into a framework agreement in May 2010 to distribute a ChannelYoung branded client app for iPhone and Android. The app was built using the Company's Open Experience API Platform, and utilized its patent pending "check-in" features, among others. With the agreement, SMG provided 15,000 partner businesses to be accessed by the new app, including their address, contact information, and offerings. This information is now a part of the GyPSii platform data set, enabling users to search, check-in, and receive offers and coupons from the partners. Further, ChannelYoung provided marketing outreach programs and promotions through Direct Marketing, Online Marketing, and TV spots during Enjoy Young's daily food channel as part of the framework agreement.

Other significant events in 2010 included:

In June 2010 the Company secured additional funding from its lead investor by way of a €6m secured convertible loan note issued by its wholly owned Dutch subsidiary, GeoSolutions Holdings NV ("GHNV"). The first tranche of €2.5m of this loan note was drawn down in June 2010 with a second tranche of €2.5m drawn down in September 2010. The final €1m tranche was drawn down in December 2010. As part of this financing round the final conversion and other terms of the €7.5m 2009 loan note issued by GHNV were agreed to and approved at the Company's Annual General Meeting on June 30, 2010.The terms of financing are presented below in section "Financing and structural arrangements".

Further, at the Company's AGM on June 30, 2010 the meeting approved the 2009 audited financial statements of the Group and agreed to re-elect the auditors, Ernst & Young, to set the auditors' remuneration and the compensation of the Board's non-executive directors as disclosed in the market bulletin at the time. In addition the terms of the financing round as described above were approved and approval was given for the Board to explore the possibilities of the Group divesting its mobile handset business.

The AGM decided the number of the Board members to be seven and re-elected the six then current directors: Hans van der Velde, Dan Harple (CEO), Mike Vucekovich, Gary Bellot, Andy van Dam, Winston Guillory, and elected Michael Po to the Board as a new member. The Board elected Hans van der Velde as the Non-Executive Chairman of the Board. The meeting fee for each Board and committee meeting was decided to be 1,500 Euros for at maximum eight meetings per year.

The AGM re-elected Ernst & Young as the auditor of the Company with Erkka Talvinko (CPA) as the auditor in charge.

The AGM authorized the Board to decide upon increase in share capital and the issuance of new shares as well as special rights entitling to shares, against or without payment, such that the maximum amount of increase is 4,000,000 Euros and the maximum number of new shares is 400,000,000.

The AGM amended the Company's Articles of Association according to Board's proposal such that the notice to the General Meeting shall be published in accordance with the amended provisions of the Finnish Companies Act.

The AGM approved the Board's proposal that the Board been given discretionary approval to seek a potential disposal of the Company's mobile handset business.

Raymond Kalley resigned from the Board on 9th June, 2010. During Q2 Robin Halliday, CFO, announced his resignation from the service of the Company but has agreed to continue as Interim CFO on a contractor basis.

On 9th July the Company announced that it was commencing a consultation procedure with its Finnish workforce with a view to downsizing its workforce in line with diminishing TWIG product sales. The Company announced the outcome of this consultation procedure on 20th September, which was to make 24 employees redundant and to make 11 employees subject to a forced leave procedure.

Legal Proceedings

The Company does not have any pending or threatening legal proceedings which the Company would consider to have material impact on the Company's financial position or profitability.

MATERIAL EVENTS AFTER THE END OF THE FINANCIAL YEAR

In January 2011, the Company agreed with its lead investor to extend the current financing structure with an additional financing of a maximum aggregate amount of 1.8M€ for the primary purpose of financing and supporting its GyPSii operations in China. The additional financing was raised in two tranches both received in January 2011 through the Company's wholly owned Dutch subsidiary GeoSolutions Holdings N.V. on the same terms as agreed and approved by the Annual General Meeting held on June 30, 2010. The Company has already before placed the shares and assets of the Company and GeoSolutions Holdings N.V. and its subsidiaries as a first ranking security to the financing, which security will cover also this additional financing.

In connection with the additional financing the Board of Directors of the Company has also, by virtue of the authorization granted by the Annual General Meeting, decided to issue at maximum 144,000,000 special rights to the lead investor, entitling them alternatively to convert their loan notes in GeoSolutions Holdings N.V. directly into the shares of GeoSentric, as agreed in the loan terms for the original 6M€ financing in June 2010.

In February 2011 Andy Van Dam resigned from the Board of Directors for personal reasons.

In April 2011 the Board received a proposal for short-term financing from Company's lead investor ("Proposal"). The Proposal sets the terms and conditions on which the lead investor is willing to commit to further funding for the business of the Group. According to the Proposal the lead investor would convert its existing preferred convertible notes ("Notes") issued by GeoSolutions Holdings N.V. ("GHNV") into the shares of GHNV, leaving the Company as a minority shareholder in the GHNV with approximately a 21% shareholding. The conversion of Notes would be followed by further capitalization of GHNV in a form of rights offering ("GHNV Offering"), which could lead into further dilution of Company's ownership in GHNV down to a 7% level if the Company did not participate in the GHNV Offering to its pro-rata share, corresponding to an investment of approximately 1M€. To raise the required funds to participate in the GHNV Offering the Company needs to arrange a share issue ("GSOY Offering").

Under the Proposal the lead investor has also undertaken to provide the Group with further short term financing of 0.6M€ in a form of new Notes issued by GHNV, which financing the Company has now raised. Pursuant to the Proposal, this financing was directed €250k to GHNV and its subsidiaries providing this sub-group with financing through to the end of April and €350k to the Company giving the Company runway through Q2 2011 and time to arrange the GSOY Offering to raise funds for participating in the GHNV Offering and guaranteeing the sufficient liquidity of the Company in the medium term. The Company estimates that to achieve the above goal it should raise in the GSOY Offering approximately 1.8M€. In case of a successful GSOY Offering the Company would still hold a substantial share of approximately 21% of GHNV, which holds all the GyPSii business assets, and would retain the ability to enjoy the future upside potential of the business. As the Company has recently announced to the markets, the GyPSii business is now starting to show some positive development in China, especially through co-operation with Sina. The Company’s own operations would be reduced to a minimum and its sole business would be holding the GHNV shares.

On the other hand, if the GSOY Offering was unsuccessful and the required funds were not raised, the lead investor has undertaken to provide GHNV sufficient funding through the GHNV Offering, itself subscribing part of the Company’s prorata entitlement, and offering the rest to other potential investors. According to the Proposal, in this case, GHNV would give the Company a secured loan, supported by the lead investor, securing the minimum capital requirements of the Company until approximately mid 2012 and the Company would be left holding approximately 7% of GHNV shares. Any further funding of the Company would then be subject to support from the Company’s shareholders.

The Board of the Company has discussed the Proposal in depth with the lead investor to secure the best possible terms for the Company’s shareholders and other stakeholders and acknowledges that it is the only proposal for funding that the Company has received. The Board has also assessed the proposal and concluded that it represents a better alternative for the shareholders of the Company compared to putting the Company into liquidation. Therefore, the Board of Directors approved the Proposal and raised the first part of the funding, i.e. 0.6M€ in accordance with the terms of the Proposal. The Board proposes to the Extraordinary General Meeting to confirm the approval of the Proposal by the Board of Directors except as regards to above mentioned 0.6M€ financing raised already prior to Extraordinary General Meeting. A summary of the key terms of the Proposal is attached to the Board’s proposal and published on Company’s website.

REVIEW OF THE FINANCIAL POSITION AND THE FINANCIAL RESULTS

The Company has during the period retained solidity and liquidity.

Key figures summarizing the Group’s financial position and financial results from continuing operations (teuros if not indicated otherwise):

In period	2010	2009
Net sales	54	4
Operating result	-9536	-13916
At the end of period		
Total assets	1420	889
Shareholders´ equity	-15024	-2236
Total liabilities	16444	11129
Cash	892	5939

Sufficient liquidity

The Company has, during the reporting period, retained sufficient liquidity.

The Company has in April 2011 received a funding proposal from its lead investor (see note 33 below) which provides for the short term funding of the Group. The funding proposal would result in the parent company losing control of its subsidiaries with its own operations being reduced to that of a shell holding company. The proposal provides time and funding for the parent company to participate in a subsequent funding round of its current immediate subsidiary, GeoSolutions Holdings NV, in which case it could retain approximately a 21% stake in the subsidiaries. If the Company is not able to raise additional funds from its shareholders and participate in this subsidiary funding round, the parent company’s stake would be reduced to approximately 7%. In this case the funding proposal provides for an intercompany loan to be made available from the current subsidiary company to the parent company to fund its reduced operations through to approximately mid 2012. After that it would need to look to its shareholders for further funding. The funding proposal has been approved by the Company’s Board and has been referred to an EGM on May 12, 2011 for shareholder confirmation of this approval. If the shareholders do not confirm their approval and no alternative and acceptable funding proposals are forthcoming, it is likely that the Company could be declared insolvent.

OUTLOOK

Market Outlook

There are over 4 billion mobile phone units in the market and over 1 billion new phones shipped every year. Internet Access, camera, location capabilities, and 3rd party application support has become standard on most devices.

GyPSii’s applications are supported on the 7 major mobile platforms and allow the Group to address not only the fast growing smartphone market (lead by iPhone and Android) but also the feature phone market, which by industry polls in 2009 represents substantial percentage of the mobile phones in the world today.

With the widespread adoption of mobile internet and the ability to provide location/GPS information in real-time, the market has created new revenue opportunities around delivering location aware mobile advertising, promotional offers and couponing to consumers. GyPSii’s expertise, technologies, and partnerships have positioned them to exploit this market opportunity on a very broad scale.

Business Development Outlook

The Groups’s business outlook and identified revenue during 2011 is based on expanding its current level of business subscription, advertising sales and IPR licensing.

The main focus of business development and the primary element for the business model and revenue generation is rapid growth of the GyPSii membership base that utilizes GyPSii’s two main products in China, “Tuding” and “Weilingdi”. This growth is being achieved almost exclusively in China by existing and developing partnerships with Mobile Operators (MO), Original Equipment Manufacturers (OEM), Original Device Manufacturers (ODM), Personal Navigation Device Manufacturers (PND) and leading mobile and Internet commerce companies as well as direct marketing campaigns by GyPSii. GyPSii membership has grown significantly during 2010 and has climbed to a total subscriber base of almost 3,000,000 registered users with a substantial and growing base of recurring monetizeable users. This membership base has begun to produce advertising revenues and the Company is targeting to grow these revenues during 2011 and beyond.

A second element of GyPSii’s growing revenue base began with the development of its Open APIs (OeX) at the beginning of 2010. The Group has furthered business development opportunities with strategic service providers to deliver OeX into non-emerging markets. This approach allows GyPSii to reduce the risk and overhead associated with business development efforts in non-target markets while assessing geographies that may prove to be long-term opportunistic for the Company. Outside of China, GyPSii is developing partnerships for use of its LBS and SNS software platform “OEX”. During 2010 a major agreement was signed licensing OEX to a major PND provider in the United States. This agreement provides for monthly recurring revenue based on total usage. GyPSii will attempt to develop further partnerships for the licensing of OEX in 2011.

The third element of the GyPSii revenue strategy in 2011 was established by the launch of its new service offering that focuses on providing for Small and Medium Businesses (SMB) with location-based services and platforms. The "GyPSii CRM Platform" provides SMB's with a toolset for creating, managing and delivering promotional incentives to their customer base at a much lower distribution cost. The self-service platform gives business owners the ability to create customized coupon campaigns and discount programs for consumers that are delivered directly to their mobile devices. Using its location-based technology the GyPSii CRM Platform can assist businesses in converting these consumers to loyal customers by incentivizing them at the Point of Sale (POS) with relevant discounts and rewards. Additionally, the GyPSii CRM Platform collects, analyzes and produces detailed reports on customer interactions at the point of sale, granting businesses a new level of insight into marketing and promotional spending that they have never had before. The GyPSii CRM service "lingdi" was launched in China at the end of 2010. During 2011 this service will be available for use by Small and Medium Businesses for a monthly recurring subscription fee.

Finally, during 2010, the Company consolidated its efforts into developing the Chinese market. Efforts in prior years to penetrate the markets in the United States and Europe proved too costly for the Company to sustain compared to the operating cash available. Therefore, during 2010, the Company began consolidating operating, development, business development and marketing resources into China with significant staff reductions elsewhere in the world. This has resulted in a significant reduction in monthly operating costs within the Group At the same time the Company began to focus its products and services almost entirely in China. This decision has resulted in significant increases in member acquisition and usage of the GyPSii products within China. This member growth led directly to the growth of page views and hence the generation of advertising revenues. This significant growth during 2010 establishes the ability to further grow the monetization of page views with advertising in 2011.

ASSESSMENT OF SIGNIFICANT OPERATIONAL RISKS

The global financial crisis and current global recession have had and may continue to have a negative impact also on the business of the Group. As announced previously, the Company expected to see positive development in GyPSii generated revenues starting from the last quarter of 2009. Continued financing negotiations and, especially during the year 2009, the global financing crisis have shifted the revenue expectations of GyPSii, yet revenues have started to be generated in 2010 and the Company expects to see further positive development in GyPSii generated revenues during 2011. The Company is also exploring additional business development opportunities including partnering arrangements with local media partners, which could lead to accelerated user adoption.

There is no certainty of the success regarding the implementation and realisation of the business plan. According to the business strategy, the Group is pursuing entrance also to new business segments with competitive situations new to it, or which may be only in the early market phase. Unless the Group is able to successfully respond to these developments it may significantly impair the Group´s operating results.

A key driver of the business model is sufficient and sufficiently rapid growth of users of the services, and the speed of adoption of mobile, UGC and location based advertising of which the Group has no certainty. Advertising budgets have been reduced by major brands and advertisers in certain areas and this could have an adverse affect on the adoption of mobile and location based advertising in 2011 and beyond.

The most significant risk relating to the business plan is the sustained growth of members. As the Company’s business model is driven by the acquisition and retention of new members, possible delays in funds available to the Company to drive marketing efforts of their new products to the markets and therefore the acquisition of new members, may have an adverse effect on the development of the Company’s business by decelerating the distribution and subscriber-adoption rate of the Company’s products and services.

Since 1997, the Company has not paid dividends. In the future, the re-payments of capital and other preferred loans will restrict the possibility to distribute dividends. The total amount of loans as at 31 December 2010 was 23613 teuros at nominal value. Regarding future dividend payments, there is also uncertainty about the ability of the Company to accrue distributable capital. According to the financial statements of the Company, there was no distributable capital in the latest balance sheet of the Company.

The Group´s business plan has been prepared by assuming that the Group´s result and cashflow will improve significantly. The Group’s financing plan also assumes additional external financing to be received, which financing has not yet been agreed to. Should the result and cashflow essentially fail to meet the planned figures, or the new financing be delayed, or the amount of financing turn out to be insufficient to meet the Group’s capital needs, this might force the Company to introduce further significant cost cutting measures, which could also have a material effect on the execution on the Company’s current business plan in the short term, and also cause an insolvency risk.

There are significant financial risks related to the Company’s business, competition and industry and it is possible that investors may lose all or a part of their invested capital.

GeoHolding B.V., and investor groups led by Horizon Group and Schroders & Co Limited have influence on GeoSentric, each of them separately. The Company trusts that the regulation and information obligation binding public companies, supported by the compliance with the corporate governance recommendations, together with the continuous external auditing activity maintained by a skilled and reputable auditing firm suffice to pre-empt a misuse of control power.

REVIEW OF R&D-ACTIVITIES

The volume of the Group’s R&D activities during the reporting period was significant due to the on-going R&D-programs by means of which the Group intends to significantly expand its business over the next few years. No capitalizations were made.

The Group maintains R&D units primarily in Warwick, RI (USA) and Shanghai (China).

Additionally, GyPSii server facilities are maintained in the US and China at present, with continued upgrades planned in the future.

The development of R&D costs from continuing operations in years 2008-2010 was the following:

Year	R&D costs teuros	of which capitalized teuros	% of sales
2009	7756	0	0
2010	4671	0	0

INVESTMENTS AND FINANCING

Gross investments in financial period were 40 teuros. In year 2009 gross investments were 208 teuros and in year 2008 they were 119 teuros.

PERSONNEL AND ORGANIZATION

The number of employed personnel at GeoSentric in 2010 averaged 120, of which 35, at most, were affected by alternate forced leaves. The alternate forced leave program, agreed to in autumn 2010 to apply for the time being continues also in 2011. The average number of personnel in year 2009 was 120 and in year 2008 it was 94.

The members of the management team of the Company are: Winston Guillory (CEO) Michael Po (COO, Senior Vice President, Engineering), Rich Pizzarro (Senior Vice President & CTO), Bruce Hathaway (Senior Vice President, Finance, Controller and Corporate Secretary), Robin Halliday (CFO), Jeff Lin (Managing Director, Asia Pacific), Jay Cahill (Vice President, Strategic Accounts), Sam Critchley (Vice President, Products).

ENVIRONMENTAL ISSUES

The Company changed into a no-lead manufacturing process according to so called ROHS-directive during summer 2006. The Company pays for its products a statutory recycling fee and has organized the recycling of disposed materials contractually through Jalopinta Ky. Altogether, the Company’s operations cause no significant environmental impact.

BOARD OF DIRECTORS AND AUDITORS

According to the Company’s articles of association the Board of Directors consists of not less than three (3) but no more than nine (9) ordinary members. The term of the members of the Board of Directors begins at the end of the Annual General Meeting of shareholders and expires at the end of the next Annual General Meeting of the shareholders following the election.

The Board consists of Hans van der Velde (Chairman), Gary Bellot, Michael Vucekovich, Winston Guillory and Michael Po. Raymond Kalley resigned from the Board on 9th June, 2010. In September 2010 it was announced that Dan Harple had resigned as CEO to be replaced with immediate effect by Winston Guillory. In November it was announced that Dan Harple had resigned as a member of the Board. After the reporting period, in February 2011 Andy Van Dam resigned from the Board of Directors for personal reasons.

GeoSentric Oyj has established committees to enhance the preparation of matters falling within the competence of the Board. The -committees are 1) Audit and Finance Committee; 2) Corporate Governance and Nominations Committee; 3) Compensation Committee; and 4) Strategic Options Committee.

In financial year 2010, the audit firm Ernst & Young Oy continued to serve as the ordinary auditor of the Company, with Mr. Erkka Talvinko, CPA, as the responsible auditor. Audit firm PricewaterhouseCoopers continued as the deputy auditor of the Company.

GROUP STRUCTURE

In addition to the parent company, GeoSentric Oyj, the Group comprises of 100 % owned subsidiaries, GyPSii (Shanghai) Co. Ltd, GeoSolutions B.V., GyPSii Inc., GeoSolutions Holdings N.V. (formerly Benefon Solutions B.V.) and GeoSentric (UK) Ltd. (formerly Benefon (UK) Ltd). All GeoSentric’s subsidiaries are held under its Dutch subsidiary, GeoSolutions Holding N.V. (formerly Benefon Solutions B.V).

GeoSentric (UK) Ltd., GyPSii (Shanghai) Co., Ltd., GeoSolutions B.V. and GyPSii Inc. are primarily engaged with the GyPSii business. GyPSii (Shanghai) Co., Ltd. has a primary focus for market development in Asia. Further, product quality assurance, testing, and multi-lingual review are assisted by the Shanghai team. GeoSentric Oyj is the group parent company and during the reporting period was engaged in the TWIG-products and provides R&D services to the GyPSii-products and services. GeoSolutions Holdings N.V. is a semi dormant holding company.

BOARD AUTHORIZATION

The Annual General Meeting convened on June 30, 2010 authorized the Board to increase the share capital by maximum of 4,000,000 euros and share amount by maximum of 850,000,000 new shares, option rights or special rights. The authorization is valid for two (2) years from the date of the Annual General Meeting. At the same time all the other authorizations were terminated.

At the end of the reporting period the remaining amount of Board's authorization was 4,000,000 euros and 807,902,000 shares corresponding to 87.37 % of the currently registered share amount and 27.65 % shares after all shares and instruments entitled to shares, effecting a corresponding immediate dilution to existing shareholdings (including current authorization).

STRUCTURAL ARRANGEMENTS AND CHANGES IN AMOUNTS OF SHARES

Financing round 2009:
The subscription period of the 2009 loan note for raising a maximum amount of 25000 teuros through Company's Dutch subsidiary GeoSolutions Holdings N.V. ("GHNV"), which originally was to end on March 31, 2010, was extended in March 2010 until the end of the year 2010. The Group received and drew down an investment commitment of 7500 teuros during the year 2009. The terms of the 2009 note were later amended by the Annual General Meeting held on June 30, 2010 as described below.

The loan note is fully transferrable and entitles to subscribe shares in GHNV or the investors may, at their discretion convert their notes into GeoSentric shares. The note will expire in five years. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of 6%, payable in equal portions in cash and in shares, to Raymond Kalley who assisted with the fund raising. The note accrues interest at the rate of 5% p.a. which, it has been agreed, shall be deferred until redemption or conversion. The detailed terms of the financing have been disclosed and can be found in the call to the Annual General Meeting released on June 9th 2010.

Financing round 2010:
The new 2010 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of 6000 teuros of which 2500 teuros has been drawn on June 30, 2010 and a further 2500 teuros has been drawn on September 1, 2010. The remaining 1000 teuros was drawn in December 2010. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of 5%, all payable in shares to be issued without charge, to Raymond Kalley who assisted with the fund raising. The fee was paid in September 2010 when the Board issued in total of 23,750,000 new shares of the Company to Raymond Kalley without charge.

The Board and AGM have approved the terms for additional financing of 6000 teuros to be adopted by issuing preferred convertible notes of Company's wholly owned Dutch subsidiary GeoSolutions Holdings N.V. At the same the AGM decided to issue 948,750,000 special subscription rights to the holders of the notes, entitling them to alternatively subscribe for the shares of the Company, and approved certain changes to the terms of Company's Convertible Bond Loan 2008-B.

Financing round 2011
In January 2011, the Company agreed with its lead investor to extend the current financing structure with an additional financing of a maximum aggregate amount of 1.8M€ for the primary purpose of financing and supporting its GyPSii operations in China. The additional financing was raised in two tranches both received in January 2011 through the Company's wholly owned Dutch subsidiary GeoSolutions Holdings N.V. on the same terms as agreed and approved by the Annual General Meeting held on June 30, 2010. The Company has already before placed the shares and assets of the Company and GeoSolutions Holdings N.V. and its subsidiaries as a first ranking security to the financing, which security will cover also this additional financing.

In connection with the additional financing the Board of Directors of the Company has also, by virtue of the authorization granted by the Annual General Meeting, decided to issue at maximum 144,000,000 special rights to the lead investor, entitling them alternatively to convert their loan notes in GeoSolutions Holdings N.V. directly into the shares of GeoSentric, as agreed in the loan terms for the original 6M€ financing in June 2010.

During the financial year the Company's share capital was increased by 4,800 euros and share amount by 480,000 new shares by virtue of Share subscription in Option Plan 2004A. The shares were registered into the Finnish Trade Register on November 26, 2010. The share amount was increased with a total amount of 23,750,000 new shares registered into the Finnish Trade Register on October 29, 2010. The free share issue directed to Raymond Kalley as a placement fee was based on the decision by the Board of Directors on September 3, 2010.

As a conclusion the amount of registered securities of the Company changed over the reporting year as follows:

Number of registered shares on 1.1.2010	897,926,354
New shares issued in directed share issue	23,750,000
New shares issued in securities conversions	480,000
Number of registered shares on 31.12.2009	922,156,354

Loan	Amount /EUR	Entitled shares	Mature Date
2004A	112,762.57	0	31.12.2008
2008B	10,000,000	94,339,622	25.8.2013
2009	7,500,000	468,750,000	31.3.2015
2010	6,000,000	480,000,000	31.3.2015

CAPITAL LOANS

The Company did not raise any new capital loans in 2010.

The loan decided on February 26, 2004 and remaining 112,762.57 euros has been matured and entitles no longer new shares of the Company. Until now, no payments have been made of the Loan. The loan will accrue a fixed annual interest of 4 % also paid on mentioned date of June 30 of each year providing that the requirements set in the Companies´ Act regarding interest payments on equity loans are met. Until now, no interest has been paid on the loan.

COMPANY SHARES AND SHAREHOLDERS

The shares of GeoSentric Oyj are listed on the NASDAQ OMX Helsinki (NASDAQ OMX: GEO1V) and issued in the book entry system held by Euroclear Finland, address PL

1110, FIN-00101 Helsinki, Finland. The ISIN-code of the share is FI 0009004204. The Company's shares have been on the surveillance list since February 11, 2003.

The Company and its subsidiaries do not have any Company´s shares owned by or administered on behalf of the Company.

The Company's registered share capital on December 31, 2010, was 8,955,761.65 euros, consisting of 922,156,354 shares. The number of outstanding shares in the beginning of the financial year 2010 was 897,926,354.

As of 31.12.2010 according to share register of the Euroclear Finland shareholders who hold their shares under a name of a nominee own a total amount of 778,119,748 shares corresponding 84.38 % of the Company's registered shares and votes

Shareholder	Shares	Vote and share %
Nordea Pankki Suomi Oyj (custodian shares)	507,450,954	55.02 %
Skandinaviska Enskilda Banken (custodian shares)	248,339,478	26.93 %
Svenska Handelsbanken AB (custodian shares)	17,706,101	1.92 %
TOTAL	773,496,533	83.87 %

According to flagging the notices received by the Company during the reporting year, the thresholds of the following shareholders are:

Shareholder	Shares	Convertible securities
Luben Limited	91,162,652	
MMA Investments Limited	16,930,861	
Nobolles Investments Limited	43,123,442	
Schroder Investment Management Limited (on behalf of its clients)	109,294,444	1,043,089,622
ANSA Mc AL Limited	93,377,779	202,847,456
PNG Sustainable Development Fund Limited		141,037,751
Mr and Mrs Bramall		138,812,498
Tiberio Limited and Laytons Trustees Company Limited		341,945,338
Other clients	15,916,665	218,446,579
TOTAL	**260,511,399**	**1,043,089,622**

According to the Flagging notice received in 2009 GeoHolding and its beneficial shareholder, Dan Harple, owns aggregate amount of 251,171,068 shares and 43,418,055 option rights.

The number of fully diluted shares as of 31.12.2010 was as follows:

Registered listed shares	922,156,354
Registered rights entitling to shares	1,189,258,095
-	
Board authorization	807,902,000
TOTAL	2,919,316,449

The Company's all issued instruments including authorization entitled to shares together correspond to - approximately 68.41 % of the share amount after all instruments entitled to shares issued by the Company and board authorization, effecting a corresponding direct dilution to existing holdings.

SHAREHOLDINGS OF THE BOARD MEMBERS AND MANAGING DIRECTOR

The share holdings and potential holdings by virtue of instruments entitling to share subscriptions of the Board members and managing director, including the holdings by controlled corporations, are as follows:

Person	Direct shares	Securities entitling to shares	Total securities
Bellot, Gary	323,571	7,000,000	7,323,571
Guillory, Winston	-	7,000,000	7,000,000
Po, Mike		3,000,000	3,000,000
Van Dam, Andries	-	7,205,000	7,205,000
Van der Velde, Johannes	1,190,476	7,000,000	8,190,476
Vucekovich, Michael	91,397	7,000,000	7,091,397

RELATED PARTY TRANSACTIONS

As a part of the terms relating to the investors investment to the Note, previous financing round arranged in August-September 2007 and simultaneously agreed restructuring of Company's ownership, the Board approved an incentive carve-out agreement entered into with key senior managers who are holders in GeoHolding B.V. for a successfully completed exit transaction. The incentive carve-out is based on the valuation of the Company in pre-defined exit events, requiring shareholders' approval to take place, and may not exceed 10 percent of the valuation. The agreement shall be valid until July 31, 2017.

Based on the assistance provided in connection with the convertible loans raised in 2009 and 2010, Raymond Kalley was issued without charge 23,750,000 shares as part of an agreed placement fee.

As more fully described in the section "Material events in the year 2010", effective December 31, 2010, the Company sold its TWIG mobile handset business, to a newly established company, Twig Com Oy, majority held by the former managers of that business including Tomi Raita and Jukka Nieminen.

BOARD PROPOSAL REGARDING THE HANDLING OF THE RESULT

The Board proposes to the general meeting that no dividend is distributed and that the loss for the period is booked to the prior years´ result account.

NOTICE

The GeoSentric's financial statements release has been prepared according to the accounting standard IAS 34, Interim Reports. The accounting principles for the financial statements have been presented in the Financial Statements 2010 published on April 29, 2011. The information presented in this report has been audited.

In the Notes to the Financial Statements there is more detailed and additional information about the Company’s operations in the financial year 2010.

It should be noted that certain statements herein which are not historical facts are based on management's best assumptions and beliefs in light of the information currently available to it.

According to Finnish Securities Market Act, Chapter 2, Section 10 c, GeoSentric Oyj has published the annual summary of the stock exchange releases and announcements published during the year 2008. The summary is available at: www.geosentric.com.

In Salo April 29, 2011

GeoSentric Oyj

The Board of Directors

GROUP STATEMENT OF COMPREHENSIVE INCOME

1000 EUR	Note	4Q/2010	2010	4Q/2009	2009
Continuing operations					
Net sales		39	54	0	4
Cost of goods sold	5	0	0	0	0
Gross margin		39	54	0	4
Other operating income		0	0	0	0
General & Administrative expenses	5	665	2673	766	3004
Research & Development expenses	5	672	4671	1824	7756
Sales & Marketing expenses	5	454	2246	768	3160
Operating result		-1752	-9536	-3358	-13916
Financial income		1	78	0	74
Financial expenses		-683	-1783	-231	-723
Result before taxes		-2434	-11241	-3589	-14565
Income taxes		-30	-146	110	409
Result for the period from continuing operations		-2464	-11387	-3479	-14156
Discontinued operations					
Result for the period from discontinued operations	4	-209	-1987	-339	-1622
Result for the period		-2673	-13374	-3818	-15778
Translation difference		142	-13	8	11
Comprehensive income		-2531	-13387	-3810	-15767
Earnings per share, eur:					
Basic earnings per share,continuing operations		-0,00	-0,01	-0,00	-0,02
Basic earnings per share,discontinued operations		-0,00	-0,00	-0,00	-0,00

Diluted earnings per share have not been computed because dilution effect would improve the key figure.

GROUP STATEMENT OF FINANCIAL POSITION

1000 EUR	Note	31.12.2010	31.12.2009

ASSETS

Non-current assets			
Property, plant and equipment		82	240
Goodwill		216	216
Other intangible assets		1	510
Other financial assets		5	66
Deferred tax assets		0	0
		304	1032
Current assets			
Inventories		0	1216
Trade receivables and other receivables		224	696
Prepaid expenses		0	10
Cash and cash equivalents		892	5939
		1116	7861
Total assets		1420	8893

EQUITY AND LIABILITIES

Shareholders´equity			
Share capital	6	8956	8951
Share premium account	6	13631	13631
Translation difference		122	135
Invested distributable equity account	6	30912	30603
Retained earnings		-68645	-55556
Total shareholders´ equity		-15024	-2236
Non-current liabilities			
Deferred tax liabilities		0	128
Interest-bearing debt	8	13112	7061
		13112	7189
Current liabilities			
Trade payables and other payables		3219	2634
Provisions		0	37
Interest bearing debt	8	113	1269
		3332	3940
Total liabilities		16444	11129
Total shareholders´ equity and liabilities		1420	8893

GROUP CASH FLOW STATEMENT

1000 EUR	2010	2009
Cash flow from operations		
Result for the period	-13374	-15778
Adjustments	1505	3991
Changes in working capital:		
Change of trade and other receivables	482	1946
Change of inventories	761	-295
Change of trade and other liabilities	548	632
Paid interests	-630	-930
Received interest payments	18	145

Cash flow from operations, net	-10690	-10289
Cash flow from investments, net	46	-208
Cash flow from financing		
Proceeds from issue of share capital	67	0
Transaction expenses of share issues	-3	-68
Transaction expenses of loans	-467	-750
Proceeds from long term borrowings, equity	0	2591
Proceeds from long term borrowings, liability	6000	4909
Net cash flow from financing	5597	6682
Change in cash	-5047	-3815
Cash on January 1	5939	9754
Cash on December 31	892	5939

GROUP STATEMENT OF CHANGES IN SHAREHOLDERS´ EQUITY

	Share capital (1000 eur)	Translation difference (1000 eur)	Share premium account (1000 eur)	Inv. distributed equity account (1000 eur)	Accrued result (1000 eur)	Total (1000 eur)
Shareholders´ equity 31.12.2008	8951	124	13631	28039	-40692	10053
Items booked directly into shareholders´ equity	0	11	0	0	0	11
Result for the period	0	0	0	0	-15778	-15778
Comprehensive income	0	11	0	0	-15778	-15767
Share issue expenses	0	0	0	-68	0	-68
Booked expense of stock options to key personnel and partners	0	0	0	0	914	914
Equity portions of liabilities	0	0	0	2632	0	2632
Shareholders´ equity 31.12.2009	8951	135	13631	30603	-55556	-2236
Items booked directly into shareholders´ equity	0	-13	0	0	0	-13
Result for the period	0	0	0	0	-13374	-13374
Comprehensive	0	-13	0	0	-13374	-13387

income						
Share issue, cash	5	0	0	62	0	67
Share issue expenses	0	0	0	-3	0	-3
Booked expense of stock options to key personnel and partners	0	0	0	0	285	285
Equity portions of liabilities	0	0	0	250	0	250
Shareholders´ equity 31.12.2010	8956	122	13631	30912	-68645	-15024

KEY FIGURES, ALL OPERATIONS

	4Q/2010	2010	4Q/2009	2009
Net sales, 1000 EUR	413	1851	475	2491
Operating result, 1000 EUR	-1961	-11523	-3697	-15538
Result before taxes, 1000 EUR	-2643	-13228	-3928	-16187
Gross investments, 1000 EUR	10	40	8	208
Average personnel	89	116	126	120
Earnings per share, EUR	-0,00	-0,01	-0,00	-0,02
Equity per share, EUR	-0,02	-0,02	-0,00	-0,00
Weighted average number of shares in period, 1000 pcs	920802	903645	897926	897651
Number of shares at the end of the period, 1000 pcs	922156	922156	897926	897926

1. BASE INFORMATION OF THE COMPANY

GeoSentric is a developer and provider of solutions, products and technologies for location based services and LBS-enabled social networks. It develops a leading geo-integration platform for mobile devices, personal navigation devices, web browsers, and other internet-connected devices, which provides applications and bundled ODM/OEM solutions for consumer and B2B markets, built on the convergence of location based services, social networking, search, mobile & Web 2.0 technologies. Its intellectual property is delivered as software and services in products which include the GyPSii product platform ("GyPSii"). The company has deep expertise and technology IP in User Generated Content Management, Location Based Services, Open Social Networking, Ad-Targeting and Integration, for Social Media markets and users on mobile phones, the web, personal navigation and internet connected devices.Based in Salo, Finland, and Amsterdam, The Netherlands, GeoSentric operates offices in North America, Europe and Asia Pacific. GeoSentric is listed in NASDAQ OMX Helsinki Ltd (NASDAQ OMX: GEO1V).The parent company of the group is GeoSentric Oyj (formerly Benefon Oyj). The registered domicile is Salo, Finland, with street address Meriniitynkatu 11, 24100 Salo, Finland, and mail address PL 84, FIN-24101 Salo, Finland. A copy of the group financial statements is available at the internet address www.geosentric.com or at the company head office at address Meriniitynkatu 11, FIN-24100 Salo, Finland. According Finnish Companies Act, the shareholders has possibility to accept or reject the financial statements, even the General Meeting is after financial statements is released. General Meeting has also possibility to make desicion about changing financial statements.

2. ACCOUNTING PRINCIPLES FOR THE FINANCIAL STATEMENTS

Foundation:
The group financial statement bulletin has been prepared in accordance with International Financial Reporting Standards ("IFRS") and has been prepared to the accounting standard IAS 34, Interim Reports. Information is based to audited financial statement for year 2010.

Accounting principles:
The used preparation principles have been presented in the Financial Statements from year 2010.

Since 1.1.2010 the group has applied the following new standards and interpretations: Reformed IFRS 3, Business combinations. Changes affect the goodwill amount of recognised acquisition and profit effect items. According to the rules of change-over to IFRS, business combinations which are already carried out will be not corrected.
Changed IAS 27, Consolidated financial statements and separate financial statements. May have impact on the recognition of possible changes in subsidiaries ownership´s.
Change to IAS 39, Financial instruments: recognition and measurement to hedged items acceptable items. The group has no hedged items as defined.
IFRIC 17, Non cash dispensation to ownerships. Concerning dispensation of dividends. No effect on the group.
IFRIC 18, Asset transfers from customers. No effect on the group.
Changes for "Improvements to IFRS". Small changes relate to 12 different standards but they have no significant effects on the financial statements.
Changes to IFRS 2, Share-based payments - Share-based businesses paid in cash in group. Concerning non cash paid share-based payments. No effect on the group financial statements.

3. SEGMENT INFORMATION

The group has only one distinct segment, location based services and devices utilising them. Its share of net sales has been 100% in the period and in the reference period.

4. DISCONTINUED OPERATIONS

The group divested on December 2010 its TWIG mobile handset business through MBO by oral agreement. The majority of business transferred to Twig Com Oy on December 31, 2010 and the parties signed a business purchase agreement on January 10, 2011. The result of business, result of divesting and share of cash flows are presented below:

1000 EUR	4Q/2010	2010	4Q/2009	2009
Result of TWIG mobile handset business				
Net sales	374	1797	475	2487
Cost of goods sold	-229	-1823	-419	-2141
Other operating income	3	4	2	2
General & Administrative expenses	146	-425	-24	-107
Research & Development expenses	-59	-366	-121	-455
Sales & Marketing expenses	-200	-930	-252	-1408
Income taxes of discontinued operations	0	0	0	0
Profit before/after taxes	35	-1743	-339	-1622
Result of divesting before/after taxes	-244	-244	0	0
Income taxes of divesting	0	0	0	0
Result for the period from	-209	-1987	-339	-1622

discontinued operations		
General & Administrative expenses		
Cash flow of TWIG mobile handset business		
Cash flow from operations	-1031	201
Cash flow from investments	45	0

Effect of Twig mobile handset business divesting to financial position of group	31.12.2010
Fixed assets	24
Other intangible assets	1
Other financial assets	20
Inventories	223
Trade receivables and other receivables	192
Prepaid expenses	5
Trade payables and other payables	-184
Provisions	-37
Assets and liabilities total	244
Purchase price in cash	0

5. COSTS BY CATEGORY

1000 EUR	4Q/2010	2010	4Q/2009	2009
Increase/decrease in inventories of finished products	36	375	97	-164
Impairment loss in inventories	0	455	98	484
Use of raw materials and consumables	144	571	84	1288
Total expense of direct employees	49	422	140	533
Cost of goods sold total	229	1823	419	2141
Discontinued operations	-229	-1823	-419	-2141
Total expense of indirect employees	1314	6993	2100	8710
Redundancy provision	0	509	0	0
Depreciations	41	682	550	2172
Other operating expenses	793	3371	1105	5008
Expenses by cost category, total	2148	11555	3755	15890
Discontinued operations	-357	-1965	-397	-1970
Continuing operations	1791	9590	3358	13920

6. SHAREHOLDERS´ EQUITY

	Number of shares (1000)	Share capital (1000 eur)	Share premium account (1000 eur)	Invested distributed equity account (1000 eur)	Total (1000 eur)
31.12.2008	895096	8951	13631	28039	50621
Share issue free 5.2.2009	2830				0
Costs of share issues				-68	-68
Equity components separated from liabilities				2632	2632

31.12.2009	897926	8951	13631	30603	53185
Share issue free 4.10.2010	23750				0
Share issue, cash 26.11.2010	480	5		62	67
Costs of share issues				-3	-3
Equity components separated from liabilities				250	250
31.12.2010	922156	8956	13631	30912	53499

According to the Company´s articles of association registered there is no maximum for the shares and there is only one category of shares at the Company. Also the clause about maximum amount of share capital has been removed. The shares carry no nominal value. All outstanding shares are fully paid.

7. OPTION RIGHTS

The Company carries twenty on-going stock option programs. In all of these, one option right entitles to subscribe for one new share of the Company.

Option program 2004A:
The extraordinary general meeting on 26.2.2004 decided in connection of arrangements related to the reorganisation about issuance of option rights. The number of option rights was finally set at 39,597,988 and share subscription price at 0.14 euros per share. Number of granted option rights was 35,500,000. Share subscription period with the options expired on June 15, 2010 when in total of 480,000 shares were subscribed. A total of 3,580,000 option rights have been used for share subscription. The rest 32,220,000 of the granted option rights have permanently expired.

Option programs 2010-1and 2010-2:
The Board decided in its meeting on September 3, 2010 to adopt Option Plans 2010-1 and 2010-2 and issue a total maximum amount of 15,848,000 new option rights to the employees and key engineering resources of the group without charge. The options are issued on standard terms used by the company in its option plans. Each option right entitles its holder to subscribe for one new share at subscription price of 0.03 euros that equals to volume weighted average price of company´s share on stock exchange during September 2010. The options will vest on quarterly basis and the share subscription period on all options ends on October 1, 2016.

Special right:
The Board decided to issue 23.750.000 shares without price to Raymond Kalley as part of the agreed placement fee of drawn loans. The shares have been registered in trade register on 4.10.2010. Cost of options booked in the period according to IFRS 2. Consideration is given as options. The counter-item of costs bookings is income statement is shareholders´equity.

1000 EUR	2010	2009
Key persons	160	276
Board	74	557
Other interest groups	52	81
Total	286	914

8. FINANCIAL LIABILITIES

1000 EUR	Nominal loan value 2010	2010	2009
Non-current:			

Loan 2008	10000	2392	2605
Loan 2009	7500	4853	4456
Loan 2010	6000	5867	0
Non-current total		13112	7061
Current:			
Cbl 2004A	113	113	113
Loan 2008		0	1156
Current total		113	1269

Convertible bond loan 2004A:
This loan with a nominal principal of 1130 teuros was raised on year 2004 and was converted during the conversion period before 31.12.2008 in all 1017 teuros. The remaining amount of loan is 113 teuros. The interest is 4%. No interest was paid. The loan capital, interest and other benefit may be paid in case of dismantling or bankruptcy of company only with priority after the other creditors. The principal may be returned otherwise only providing that a full coverage for the bound equity and other non-distributable items in the confirmed financial statements for the latest expired financial year is retained. Interest or other benefits may be paid only in case the paid amount may be used for profit distribution in the confirmed balance sheet for latest expired financial period.

Financing round 2008:
The subscription period of the loan note for raising a maximum amount of 16,000 teuros ended on May 15, 2009 and the total amount of subscription was 10,000 teuros. The maximum amount of new shares to be subscribed by virtue of the subscribed note is 94,339,622. As a result of the note the Company´s share capital may increase by a maximum of 943 teuros. The annual interest of the loan is 12.5 %, paid twice a year, however interest of period 1.7.-31.12.2009 was paid in January 2010. The loan will end on August 25, 2013. Effective it was agreed that interest payments are suspended and all interest will accrue and roll up until maturity.

Financing round 2009:
The subscription period of the loan note for raising a maximum amount of 25,000 teuros was originally to end on March 31, 2010, but has been extended until the end of the year 2010. The group has received and withdrawn the investment commitment of 7,500 teuros during the year 2009. The loan note was raised by the subsidiary GeoSolutions Holdings N.V. (GHNV"). The loan note entitles to subscribe shares of GHNV. The amount of shares will in all events be less than half of GHNV´s outstanding shares and share capital. Alternatively the investors have the option to convert their notes into GeoSentric´s shares corresponding the same proportional amount of fully diluted shares as the investor otherwise would have received of GHNV´s shares. The note will expire in five years. As a precondition for the investment the Company has agreed to pay an industry standard placement fee of up to 6% of the amount raised. The note accrues interest at the rate of 5% p.a. Which shall be deferred until redemption of conversion. The conversion rate shall be calculated based on the lower of the market capitalisation of GeoSentric at March 31, 2010, the market capitalisation at the date of conversion and the valuation implied by an external financing round or bid, all discounted by 50%. In the event that the notes have not been redeemed or converted by the maturity date or in the event of insolvency, a further 15% discount shall be applied to the conversion rate. The note is secured by a pledge over the share capital of GeoSentric and GHNV and over other assets of the group.

Financing round 2010:
The 2010 loan note has the same terms as the 2009 note except that the note accrues interest at the rate of 12% p.a. and is for a maximum amount of 6,000

teuros of which 2,500 teuros has been drawn on June 30, 2010 and 2,500 teuros on September 1, 2010 and 1,000 teuros on November 10, 2010. The above convertible loans has been divided in the financial statements into equity and debt as required by IAS 32. The deviation is based on careful evaluation of the actual and contractual terms of the convertible loan as well as judgments made by the management of the group. The part of the convertible loan presented as debt consist of the discounted present value of the future interest payments not avoidable to the group regardless of the conversion. The remaining interest and main part of the convertible loan is presented as equity, as the management of the group considers using the conversion right as hightly probable. The part of the loan presented as debt will be amortized during the contractual maturity of the loan. The discount interest rate used in valuation of the debt part of the convertible loan is based on the interest rate the group could expect to negotiate for a corresponding loan from third parties. The interest rate used consist of risk free interest rate and of a group specific risk premium. Risk premium estimated by management is 5 %. Effective loan interests range from 16,2 to 28,3 %.

9. COLLATERAL COMMITMENTS AND CONTINGENCIES

1000 EUR	2010	2009
Collateral for own liabilities:		
Pledged non-current financial assets	5	5
Pledged current financial assets	0	57

10. RELATED PARTY TRANSACTIONS

The parent and subsidiary company relations in the group were as follows: Parent company GeoSentric Oyj. Subsidiaries with parent company ownership and voting rights of 100 % are GeoSolutions Holdings N.V., and its through (100%) subsidiaries GeoSolutions B.V., GeoSentric (UK) Ltd., GyPSii (Shanghai) Co Ltd. and GyPSii Inc..

1000 EUR	2010	2009
Employee benefits of the management:		
Salaries and bonuses	2070	2954
Pension payments	53	56
Other costs	865	836
Cost of granted option rights to management and other key persons	234	833
Total	3222	4679

The Annual General Meeting on June 30, 2010 elected the following persons to the Board: Hans van der Velde, Daniel Harple, Michael Vucekovich, Gary Bellot, Andy van Dam, Winston Guillory and Mike Po. The Board meeting elected Hans van der Velde as Chairman. Daniel Harple resigned from the Board on November 9, 2010. The top team comprised Winston Guillory, Michael Po, Rich Pizzaro, Bruce Hathaway, Robin Halliday, Shane Lennon, Jack Early, Jeff Lin, Sam Critchley, Gavin Nicol, Jay Cahill, Jukka Nieminen and Adrian Anderson. The Managing Director has been Tomi Raita.

Related party transactions have been presented in the Financial Statements from year 2010.

11. EVENTS AFTER THE END OF THE PERIOD

In January 2011, the Company agreed with its lead investor to extend the current financing structure with an additional financing of a maximum aggregate amount of 1.8M€ for the primary purpose of financing and supporting its GyPSii operations in China. The additional financing was raised in two tranches both received in January 2011 through the Company´s wholly owned Dutch subsidiary GeoSolutions Holdings N.V. ("GHNV") on the same terms as agreed and approved by the Annual General Meeting held on June 30, 2010. The Company has already before placed the shares and assets of the Company and GeoSolutions Holdings N.V. and its subsidiaries as a first ranking security to the financing, which security will cover also this additional financing.

In April 2011 the Board received a proposal for short-term financing from Company`s lead investor("Proposal"). The Proposal sets the terms and conditions on which the lead investor is willing to commit to further funding for the business of the Group. According to the Proposal the lead investor would convert its existing preferred convertible notes ("Notes") issued by GeoSolutions Holdings N.V. ("GHNV") into the shares of GHNV, leaving the Company as a minority shareholder in the GHNV with approximately a 21% shareholding. The conversion of Notes would be followed by further capitalization of GHNV in a form of rights offering ("GHNV Offering"), which could lead into further dilution of Company`s ownership in GHNV down to a 7% level if the Company did not participate in the GHNV Offering to its pro-rata share, corresponding to an investment of approximately 1M€. To raise the required funds to participate in the GHNV Offering the Company needs to arrange a share issue ("GSOY Offering")

Under the Proposal the lead investor has also undertaken to provide the Group with further short term financing of 0.6 M€ in a form of new Notes issued by GHNV, which financing the Company has now raised. Pursuant to the Proposal, this financing was directed €250k to GHNV and its subsidiaries providing this sub-group with financing through to the end of April and €350k to the Company giving the Company runway through Q2 2011 and time to arrange the GSOY Offering to raise funds for participating in the GHNV Offering and guaranteeing the sufficient liquidity of the Company in the medium term. The Company estimates that to achieve above goal it should raise in the GSOY Offering approximately 1.8M€. In case of a successful GSOY Offering the Company would still hold a substantial share of approximately 21% of GHNV, which holds all the GyPSii business assets, and would retain the ability to enjoy the future upside potential of the business. As the company has recently announced to the markets, the GyPSii business is now starting to show some positive development in China, especially through co-operation with Sina. The Company`s own operations would be reduced to a minimum and its sole business would be holding the GHNV shares.

On the other hand, if the GSOY Offering was unsuccessful and the required funds were not raised, the lead investor has undertaken to provide GHNV sufficient funding through the GHNV Offering, itself subscribing part of the Company`s prorata entitlement, and offering the rest to other potential investors. According to the Proposal, in this case, GHNV would give the Company a secured loan, supported by the lead investor, securing the minimum capital requirements of the Company until approximately mid 2012 and the Company would be left holding approximately 7% of GHNV shares. Any further funding of the Company would then be subject to support from the Company´s shareholders.

The Board of the Company has discussed the Proposal in depth with the lead investor to secure the best possible terms for the Company´s shareholders and other stakeholders and acknowledges that it is the only proposal for funding that the Company has received. The Board has also assessed the proposal and concluded that it represent a better alternative for the shareholders of the Company compared to putting the Company into liquidation. Therefore, the Board of Directors approved the Proposal and raised the first part of the funding, i.e. 0.6M€ in accordance with the terms of the Proposal. The Board proposes to the Extraordinary General Meeting which has been called for May 12, 2011 to confirm the approval of the Proposal by the Board of Directors except as regards to above mentioned 0.6M€ financing raised already prior to Extraordinary General

Meeting. A summary of the key terms of the Proposal is attached to the Board´s proposal and published on Company´s website.

If the Proposal is confirmed at the EGM and the parent company loses control of its current subsidiaries, its role will be reduced to that of a shell holding company. In the separate stand alone parent company accounts included within this report, the parent´s investment in subsidiaries has been written down to reflect a 21% stake in the subsidiaries based upon the pre new financing valuation implified by the lead investor in its Proposal.

12. IMPAIRMENT TESTING AND GOING CONCERN

Base on the likely outcome of the Proposal noted above, the Group has tested its tangible fixed assets and goodwill based on a net realisable value approach. The carrying value tested comprised of tangible fixed assets 82 t€ and goodwill and other intangibles of 217 t€, totalling 299 t€. The test showed no impairment of the tested assets.

As noted above the Company has received a funding proposal from its lead investor (see note 32) which provides for the short term funding of the Group. The funding proposal would result in the parent company losing control of its subsidiaries with its own operations being reduced to that of a shell holding company. The proposal provides time and funding for the parent company to participate in a subsequent funding round of its current subsidiaries in which case it could retain apprixIimately 21% stake in the subsidiaries. If it is not able to raise additional funds from its shareholders and participate in this subsidiary funding round, the parent company´s stake would be reduced to approximately 7%. In this case the funding proposal provides for an intercompany loan to be made available from the current subsidiary company to the parent company to fund its reduced operations through to approximately mid 2012. After that it would need to look to its shareholders for further funding. The funding proposal has been approved by the Company´s Board and has been referred to an EGM on May 12, 2011 for shareholder confirmation of this approval. If the shareholders do not confirm their approval and no alternative and acceptable funding proposal are forthcoming, it is likely that the Company could be declared insolvent.

The management forecast used is based on the 2011 business plan, the planned revenue models and identified revenue sources and availability of external financing if the revenue from operations is inadequate to meet the working capital needs. The business model and main sources of revenue are expected to come via business subscription, advertising sales and IPR licensing.

The primary element for the business model and revenue generation is rapid growth of the GyPSii membership base that utilizes GyPSii´s two main products in China, "Tuding" and "Weilingdi". This growth is being achieved almost exclusively in China by existing and developing partnerships with Mobile Operators (MO), Original Equipment Manufacturers (OEM), Original Device Manufacturers (ODM), Personal Navigation Device Manufacturers (PND) and leading mobile and Internet commerce companies as well as direct marketing campaigns by GyPSii. Growth of the GyPSii membership has grown significantly during 2010 and has climbed to a total subscriber base of almost 3,000,000 registered users with a substantial and growing base of recurring monetizeable users. This membership base has begun to produce advertising revenues and the Company is tarketing to grow these revenues during 2011 and beyond.

A second element of GyPSii´s growing revenue base began with the development of its Open APIs (OeX) at the beginning of 2010. The Group has furthered business development opportunities with strategic service providers to deliver OeX into non-emerging markets. This approach allows GyPSii to reduce the risk and overhead associated with business development efforts in non-target markets while assessing geographies that may provide to be long-term opportunistic for the Company. Outside of China, GyPSii is developing partnerships for use of its LBS and SNS software platform "OEX". During 2010 a major agreement was signed licensing OEX to a major PND provider in the United States. This agreement provides for monthly recurring revenue based on total usage. GyPSii will attempt to develop further partnerships for the licensing of OEX in 2011.

The third element of the GyPSii revenue strategy in 2011 was established by the launch of its new service offering that focuses on providing for Small and Medium Businesses (SMB) with location-based services and platforms. The "GyPSii CRM Platform" provides SMB´s with a toolset for creating, managing and delivering promotional incentives to their customer base at a much lower distribution cost. The self-service platform gives business owners the ability to create customized coupon campaigns and discount programs for consumers that are delivered directly to their mobile devices. Using its location-based technology the GyPSii CRM Platform can assist businesses in converting these consumers to loyal customers by incentivizing them at the Point of Sale (POS) with relevant discounts and rewards. Additionally, the GyPSii CRM Platform collects, analyzes and produces detailed reports on customer interactions at the point of sale, granting businesses a new level of insign into marketing and promotional spending that they have never had before. The GyPSii CRM service "lingdi" was launched in China at the end of 2010. During 2011 this service will be available for use by Small and Medium Businesses for a monthly recurring subscription fee.

Finally, during 2010, the Company has consolidated its efforts into developing the Chinese market. Efforts in prior years to penetrate the markets in the United States and Europe proved too costly for the Company to sustain compared to the operating cash available. Therefore, during 2010, the Company began consolidating operating, development, business development and marketing resources into China with significant staff reductions elsewhere in the world. This has resulted in a significant reduction in monthly operating costs. At the same time the Company began to focus its target market for its products and services almost entirely in China. This decision has resulted in significant increases in member acquisition and usage of the GyPSii products within China. This membership growth led directly to the growth of page views and hence the generation of advertising revenues. This significant growth during 2010 establishes the ability to further grow the monetization of page views with advertising in 2011.

The most significant risk relating to the business plan is the sustained growth of members and the availability of adequate finance to sustain the business through to profitability. As the Company´s business model is driven by the acquisition and retention of new members, possible delays in funds available to the Company to drive marketing efforts of their new products to the markets and therefore the acquisition of new members, may have an adverse effect on the development of the Company’s business by decelerating the distribution and subscriber-adoption rate of the Company´s products and services.

BOARD PROPOSAL TO THE GENERAL MEETING FOR MEASURES REGARDING THE LOSS OF THE PERIOD

The Company has no distributable assets.
The result of the period of the parent company is -25,210,364.67 euros (FAS).

The Board proposes to the General Meeting that no dividend is distributed and that loss for the period is booked on the account of Retained earnings.